

Mary Kay Foley

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November 14, 2000

**ATTORNEY/CLIENT PRIVILEGED
PREPARED IN ANTICIPATION OF LITIGATION**

Department of the Army
Buffalo District, Corps of Engineers
1776 Niagara Street
Buffalo, New York 14207-3199
Attention: Ms. Mary Price

Subject: Contract No. DACW49-98-D-0003, SPIDT, DO1
Asbestos Removal Phase I and II, Somerset Property
Former Lake Ontario Ordnance Works, Lewiston, NY
Damage Allegedly Caused During Site Work
Monthly Report 1 - Status of Negotiations
Reporting Period: 15-Sep-00 to 14-Nov-00

Dear Ms. Price:

As requested in your letter of 15-Sep-00 regarding subject matter, this report is being provided to keep you informed of the status of this matter.

We have organized this report into the following three sections that address completed actions, anticipated problems and actions items.

COMPLETED ACTIONS

During this reporting period, the following action items were completed:

1. Reviewed letter of 15-Sep-00, the project file, the contract file, notified key personnel at EQ and EPS, scheduled internal review/planning meeting.
2. Held Internal review/planning meeting on 20-Sep. Developed list of action items, assigned responsibilities and completion dates.
3. Prepared and sent acknowledgement letter to M. Price date 20-Sep.
4. Prepared general chronology of the major contract/DO events.
5. Notified insurance agent and underwriter of potential claim and initiated communications.
6. Notified legal counsel of potential claim and initiated communications.
7. Notified EPS of potential claim and initiated communications.
8. Held internal meeting on 5-Oct to review progress and identify action items.
9. Reviewed and discussed corrective action options with legal counsel.



ANTICIPATED PROBLEMS

None.

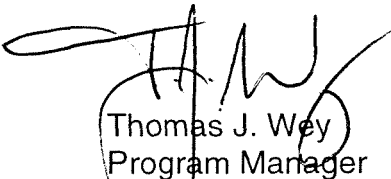
ACTION ITEMS

1. Preparation of draft settlement request letter by 17-Nov for review by EQ, EPS, insurance companies and legal counsels.
2. Finalize and submit settlement request letter to Somerset Group by 1 -Dec.

Please contact me at (513) 825-7500 If you have any questions or require any information.

Sincerely,

ENVIRONMENTAL QUALITY MANAGEMENT, INC.



Thomas J. Wey
Program Manager

cc: B. Kuhlenberg
J. Greber
J. Mullane
J. Zody